

IN THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE

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T.R.A. DOCKET ROOM

IN RE: )  
)  
TO REVIEW NASHVILLE GAS )  
COMPANY'S IPA RELATING TO ) DOCKET NO. 05-00165  
ASSET MANAGEMENT FEES )  
)  
)

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PETITION TO INTERVENE

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Comes now Paul G. Summers, the Attorney General for the State of Tennessee, through the Consumer Advocate and Protection Division of the Office of Attorney General ("Consumer Advocate"), pursuant to Tenn. Code Ann. § 65-4-118(b)(1), and requests the Tennessee Regulatory Authority ("Authority") to grant the Consumer Advocate's intervention in this proceeding on behalf of Tennessee consumers because their interests may be affected by the Authority's review of Nashville Gas Company's ("Nashville Gas") Incentive Plan Account ("IPA") relating to asset management fees. For cause, the Consumer Advocate would show as follows:

1. The Consumer Advocate is authorized by Tenn. Code Ann. § 65-4-118(b)(1) to represent the interests of Tennessee consumers of public utilities services by participating or intervening as a party in any matter or proceeding before the Authority and initiate such proceeding in accordance with the Uniform Administrative Procedures Act and Authority rules.

2. Nashville Gas is a public utility company regulated by the Authority pursuant to Title 65, Chapters 4 and 5, TENNESSEE CODE ANNOTATED, as well as Authority rules and regulations. Nashville Gas has its principal offices at 665 Mainstream Drive, Nashville, Tennessee.

3. Nashville Gas sells and distributes natural gas to residential, commercial and industrial consumers in the State of Tennessee.

4. To induce Nashville Gas to efficiently administer its gas procurement and capacity management operations, the Authority authorized Nashville Gas to account for certain purchase and business transactions through the IPA, which was established to measure Nashville Gas' level of performance in these areas relative to pre-determined benchmarks. Cost savings identified through the IPA are essentially split evenly between Nashville Gas stockholders and consumers. Presently, Nashville Gas accounts for asset management fees through the IPA in accordance with a sliding scale that yields a near 50%-50% sharing of these fees between stockholders and consumers.

5. Asset management fees are payments to Nashville Gas from an outside asset management company in exchange for the company's right to employ the idle assets (or excess capacity) of Nashville Gas in the asset management company's resale of natural gas transportation and storage services. Issues regarding the inclusion and treatment of asset management fees in Nashville Gas' IPA, including the appropriate sharing percentage between stockholders and consumers, were raised in the Compliance Audit Report of Nashville Gas Company's Incentive Plan Account filed by the Utilities Division on March 4, 2005, in Docket No. 04-00290. In the Audit Report filed in that docket, Staff recommended that the Authority open a separate docket to consider such issues.

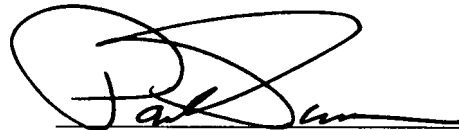
6. At the Authority Conference held on June 13, 2005, the Authority approved Staff's recommendation and created this docket to review Nashville Gas' IPA relating to asset management fees. At the Authority Conference held on June 27, 2005, the Authority convened a contested case proceeding in this docket and appointed a Hearing Officer to prepare the issues for hearing.

7. A decision in this docket concerning inclusion or exclusion of asset management fees in Nashville Gas' IPA, or adjustment of the sharing percentage between stockholders and consumers, will affect the interests of consumers. In particular, the outcome of this docket could significantly alter the amount shared with consumers through the IPA, which, ultimately, affects the amount consumers pay Nashville Gas for natural gas utilities services.

8. Accordingly, the interests of Tennessee consumers may be determined in this proceeding and the Consumer Advocate qualifies by provision of law, Tenn. Code Ann. § 65-4-118(b)(1), as an intervenor in this matter to represent these interests.

WHEREFORE, the Consumer Advocate requests the Authority to grant the Consumer Advocate's Petition to Intervene and to grant the Consumer Advocate and the consumers of Tennessee such other relief as may be deemed appropriate under the circumstances.

RESPECTFULLY SUBMITTED,



PAUL G. SUMMERS, B.P.R. #6285  
Tennessee Attorney General



JOE SHIRLEY, B.P.R. #22287  
Assistant Attorney General  
Office of the Attorney General  
Consumer Advocate and Protection Division  
P.O. Box 20207  
Nashville, Tennessee 37202  
(615) 741-3549

Dated: July 7, 2005

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing Petition to Intervene was served on parties below via first-class U.S. Mail, postage prepaid, on the 7<sup>th</sup> day of July, 2005.

Bill R. Morris  
Director of Corporate Planning and Development Services  
Piedmont Natural Gas Company, Inc.  
P.O. Box 33068  
Charlotte, NC 28233

David Carpenter  
Director-Rates  
Piedmont Natural Gas Company, Inc.  
P.O. Box 33068  
Charlotte, NC 28233

James H. Jeffries IV  
Attorney at Law  
Moore & Van Allen  
Suite 4700  
100 North Tryon Street  
Charlotte, NC 28202-4003

R. Dale Grimes, Esq.  
Bass, Berry & Sims  
2700 First American Center  
Nashville, TN 37238

  
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JOE SHIRLEY  
Assistant Attorney General

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